

INTELLIGENCE MEMORANDUM NO. IM - 195

10 August 1949

SUBJECT: US Tanker Participation in Communist Oil Movements

A major improvement in the Communist oil situation is about to be implemented in the Far East with direct participation of US tankers.

The United Tanker Corporation, an affiliate of the Chinese Petroleum Corporation, recently chartered several US and foreign-flag tankers (see particulars below) to transport gasoline and kerosene from Constanza, Rumania, to Shanghai and Dairen. Two of these, the Beauregard and the Kettleman Hills, have already passed into the Mediterranean bound for Dairen, carrying 20,984 metric tons of these products.

The background of the transaction is obscure. While the Chinese Petroleum Corporation is reported to be Nationalist controlled, it appears obvious that upon delivery, the oil products will fall under complete Soviet or Chinese Communist control.

Chartering of US vessels in this trade violates no US law and runs contrary to no clearly expressed US policy. That the traffic is inimical to US interests, however, seems beyond question.

The USSR has had difficulty in supplying its own petroleum requirements in the Far East, in view of the limited production of Sakhalin, inadequate capacity of the Trans-Siberian Railroad, shortages of tank cars, and the small fleet of Soviet tankers. Severe local shortages have led the USSR to move some oil by tanker from the Black Sea to the Maritime Provinces.

Continued use of only the four tankers known to have been chartered would augment the Soviet tanker fleet by 30 percent in tonnage, and provide the USSR with modern units which are practically unequalled for speed and efficiency in its own fleet. The four tankers of which particulars are given below could deliver 220,000 metric tons of oil annually in Dairen from the Black Sea via the Suez Canal. For military purposes the quantity of refined products (40,000 tons) which the four tankers can haul in one voyage each is of substantial importance. A concentration of first class tankers in Communist harbors, moreover, might well be an invitation to seizure.

Note: This memorandum has not been coordinated with the intelligence organizations of the Departments of State, Army, Navy, and the Air Force.

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Tankers Chartered For Oil Movements From Constanza to Dairen/Shanghai

<u>Name</u>	Kettleman Hills	Kate Maersk	Beauregard	St. Christopher
<u>Flag</u>	US	Danish	Norwegian	US
<u>Owner</u>	Oceanic Maritime Corp.	Dampsketsselskabet af 1912 A/S	Skibs A/S Beaumont	American Viking Corp
<u>Address of Owner</u>	Dover, Del.	Copenhagen	Olso	New York
<u>Knots</u>	14.5	10.5	14	14.5
<u>Year Built</u>	1944	1927	1945	1943
<u>Gross Tons</u>	10441	5952	8535	10172
<u>Dead-weight</u>	16303	8565	13500	16437

- 2 -

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